

Federal Purchasing Power Undermined

WASHINGTON – A bipartisan, bicameral group of Congressional leaders on contracting issues released a new report Monday questioning the cost effectiveness of federal interagency contracts because they are poorly tracked and badly managed.

The Government Accountability Office (GAO) report – entitled [Contracting Strategies: Data and Oversight Problems Hamper Opportunities to Leverage Value of Interagency and Enterprisewide Contracts](#) (GAO -10-367) - found a lack of reliable, comprehensive data on the number and use of interagency contracts – contracts that are awarded by one agency but used by another. Federal agencies, for example, purchase over \$37 billion in goods and services each year through contracts negotiated by the General Services Administration (GSA) for needs such as office products, information technology, and financial services. Many other agencies also have negotiated interagency contracts.

The GAO found that no government-wide system exists to track the number of interagency contracts and thus poor oversight hampers the federal government's ability to leverage its vast purchasing power.

The report was requested by Senators Joe Lieberman, ID-Conn., and Susan Collins, R-Me., the Chairman and Ranking Member of the Homeland Security and Governmental Affairs Committee; and Representatives Edolphus Towns, D-N.Y., and Darrell Issa, R-Ca., the Chairman and Ranking Member of the Committee on Oversight and Government Reform; and Senator Claire McCaskill, D-Mo., Chairman of the Senate Subcommittee on Contracting Oversight.

Lieberman said: "The federal government purchases at least \$60 billion of goods and services each year through interagency contracts, but the failure to manage those contracts to avoid overlaps is a major lost opportunity to save taxpayer money. Interagency contracts were intended to increase government efficiency. Instead, on a daily basis, agencies duplicate each other's contracting efforts, raising the cost of government. The Office of Federal Procurement Policy within the Office of Management and Budget (OMB) needs to keep better track of interagency contracts and whether agencies are getting the lowest possible prices. And GSA needs to convince other agencies that it can strike better deals than anyone else."

“Once again, GAO has found a significant potential for duplication and inefficiencies between GSA multiple-award schedule contracts and other agencies’ multiple-award and enterprise-wide contracts,” said **Collins**. “To improve the system, the Administration must collect better data on these contracts and use it to ensure the mission requirements of federal agencies are met in a timely, cost-effective manner. The Office of Federal Procurement Policy and the General Services Administration must take aggressive and coordinated action to address GAO’s recommendations and help ensure that taxpayer dollars are used wisely.”

Towns said: “I am disappointed to learn that federal agencies are falling short when it comes to oversight of interagency contracts. Poor management of these contracts results in waste of taxpayer dollars and it prevents the federal government from leveraging its vast purchasing power to buy goods and services at a lower cost. The American people expect more accountability from their government.”

Issa said: “The use of interagency contracts provides added flexibility for our agencies to strike the best deal for the taxpayer. GAO has identified a need for OMB’s Office of Federal Procurement Policy and GSA to exercise better leadership in overseeing these complex arrangements. This report must serve as a catalyst for all agencies to reevaluate the way they do business with our largest government contractors.”

“Once again the GAO’s findings illustrate a woeful lack of transparency in interagency contracting, an area that represents billion of taxpayer dollars. It’s time for the government to bring some accountability to this area. The Subcommittee on Contracting Oversight held a hearing on this issue earlier this year, and I plan to ask more tough questions at a second hearing next month,” **McCaskill** said.

GAO also found that GSA lacks data on other agencies’ orders, limiting its ability to determine how well its contracts meet the government’s needs. GSA also lacks centralized and direct oversight over its Multiple Award Schedule program, the government’s largest interagency contracting program.